

**PHYSICAL THERAPY BOARD OF CALIFORNIA**

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INTERNET <http://www.ptb.ca.gov>**PHYSICAL THERAPY CORPORATION OWNERSHIP BY A LAYPERSON***Can a layperson be a shareholder in a physical therapy corporation?*

The Physical Therapy Board of California (Board) has determined that the offering of physical therapy services by a corporation, which is not organized as a professional corporation is not prohibited by the Physical Therapy Practice Act. This is interpreted to mean that such a nonprofessional corporation may employ or retain licensed physical therapists to provide physical therapy services. Laypersons may own all or part of the shares of such a corporation.

The Physical Therapy Examining Committee (now the Physical Therapy Board of California) at the December 14, 1990 committee meeting adopted this resolution (resolution attached). The Committee's determination does not extend to the formation of partnerships between physical therapists and laypersons or other licensed health care professionals, with the exception of physicians.

It is well settled under California common law that an unlicensed person may not engage in the practice of certain learned professions, including the medical profession. (Pacific Employees Insurance Co. v. Pearle Vision Center, Inc. (1983) 143 Cal. App. 3d419, 191 Cal.Rptr. 762.) Laypersons may not be partners with healing arts licensees in the provision of their licensed services, nor may such persons otherwise have proprietary interest in such practices. The Board believes this holding to be consistent with the case law cited above.

A partner or other person having ownership interest in a professional practice has the right to manage and control the actions of his or her partner or employee. Such a person who is not professionally licensed may not control decisions, which affect the professional discretion of the licensee and adversely affect the care of the patient. A layperson that is a shareholder in a corporation providing physical therapy services also may not manage or control the professional actions or practice decisions of a physical therapist in the employ of such a corporation.